



**HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.**

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*Your Home
Is Our
Business*

**GENERAL LAW COMMITTEE
PUBLIC HEARING
Testimony
January 28, 2021**

To: Chairmen D'Agostino and Maroney, Ranking Members Rutigliano and Witkos and distinguished Members of the General Law Committee

From: Jim Perras, CEO

Re: **SB 266: AN ACT CONCERNING NEW HOME CONSTRUCTION CONTRACTORS AND HOME IMPROVEMENT CONTRACTORS.**

The Home Builders and Remodelers Association of Connecticut (HBRA-CT) is a professional trade association with nearly 900 hundred business members statewide, employing tens of thousands of Connecticut residents. Our association of small businesses is comprised of residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry. We build between 70% to 80% of all new homes and apartments in Connecticut each year and engage in countless home remodeling projects.

Thank you, for the opportunity to submit testimony on SB 266: An Act Concerning New Home Construction Contractor and Home Improvement Contractors. If enacted, SB 266 would make numerous changes to the New Home Contractor and Home Improvement Contractor statutes, much of which the HBRA is supportive of.

The HBRA supports SB 266, with the following exceptions, concerns and suggestions:

- **Section 1** of the bill SB 266 makes mandatory that both new home contractors and home improvement contractors maintain general liability insurance and show proof of said insurance at time of online registration but does not specify the minimum amount. **The 2020 iteration of this bill (SB 182) mandated a \$600,000 minimum to which the HBRA was agreeable at the time.** The HBRA of CT is supportive of a \$600,000 minimum as it is industry standard to carry at least this amount and good business practice to do so.

However, general liability insurance limits are based on exposure to risk. If a builder is not building at the time of registration, he or she should not be made to maintain insurance that is not needed. The HBRA suggests that Section 1 of the bill be amended to address this concern. The HBRA will refrain from lending support to this provision until the language is finalized with an amount that gives deference to contractors that are not engaged in construction activities at the time of registration and provides

sufficient protection to the consumer without being financial burdensome to the contractor.

- **Section 2** adds new restrictions and requirements to new home construction contracts in order to be enforceable, most of which the HBRA applauds. However, the HBRA asks that the Committee **remove (a)(1)(F) from the bill**, which requires a contract to contain a specific end date in order to be enforceable. As written, it is an overly burdensome and onerous provision. There are many things that can impact the timely completion of a home, much of which can be out of the control of the contractor, including supply chain disruptions, building material and labor shortages, etc. The HBRA also has **concerns with Section 2(c)** which gives the commissioner carte blanche to add any additional requirements to new home construction contracts by regulation. Business runs best in an environment that offers predictability and consistency and regulatory transparency. The HBRA suggests any changes be done legislative with opportunity for public input.
- **Section 3** includes changes to the New Home Guaranty Fund, including what would amount to a \$100 increase per year. The HBRA assumes that the purpose of the increase is to facilitate an increase in access to the fund resulting in the use of binding arbitration. Alternatively, the HBRA suggests that Sec. 20-417(i)(c)(1) be amended to eliminate or expand the cap to the fund and the Committee eliminate the provision that allows excess funds to be swept into the general fund.
- **Sections 5 and 9** grant the commissioner the authority to place conditions upon the renewal of any New Home Construction Contractor or Home Improvement Contractor certificate, respectively. The commissioner is already granted the authority to revoke, suspend, nonrenew or place a registrant on probation or issue a letter of reprimand. Should the commissioner be granted additional authorities, those new powers should be itemized in statute in addition to the grievances they apply to.
- **Section 6** requires home improvement contractors show proof of general liability insurance at the time of registration. While the HBRA maintains all contractors should be properly insured when engaging in home improvement activities, more attention should be given to this provision. It is customary and appropriate that a contractor hold sufficient general liability insurance to cover his exposures. However, there are instances where a contractor wants to maintain his registration but does not currently have business in Connecticut. This is true for many businesses that boarder Connecticut that advertise and maintain their registration in Connecticut but only do infrequent business here. Similarly, exposures are different, for example, a roofer does not have the same exposure as an interior painter. Both are registered home improvement contractors but they should not be made to maintain the same general liability limits.
- **Section 11** creates an umbrella salesperson registration for retailers operating from a fixed location with an application fee of \$120 per sales personal listed. The HBRA has heard feedback from our members with showrooms that this provision would be a financial and administrative burden to their companies. Many companies experience

high turnover of salespersons which could result in more registrations than sales positions in a given year.

- **Section 14** increases the amount a claimant can win in small claims from \$5000 to \$15,000 in claims related to a new home construction contractor or a home improvement contractor. The HBRA asks that the Committee make clear that the increased amount is also applicable to a contractor who happens to be a claimant filing suit against the consumer. Nonpayment or under payment for services rendered is unfortunately not entirely uncommon in the residential construction and remodeling industry. Ensuring that registered contractors also benefit from the higher threshold is fair, equitable and appropriate.

HBRA of CT looks forward to having a seat at the table. It is imperative that consumers are adequately protected. However, this should not be done at exorbitant cost to contractors that could be passed on to consumers. Nor should changes be made to the new home construction statutes and home improvement contractor statutes for the purpose of generating a windfall for DCP or the insurance industry. If the cost of doing business in the regulated market becomes too onerous for contractors many will simply follow the third of Connecticut contractors already estimated to be in the underground market. This would result in, more homeowners ending up in the underground market where they will find minimal consumer protection available to them should they fall victim to fraud, shoddy workmanship, or negligent acts. It is imperative that in an effort to improve the consumer experience we do not unintentionally worsen it.

Thank you, for the opportunity to provide testimony on SB 266.